



April 26, 2007

TO: Transportation Authority of Marin Commissioners

FROM: Dianne Steinhauser, Executive Director

THROUGH: Li Zhang, Manager of Finance and Administration

RE: FY2006-07 Third Quarter Financial Review and Measure A Revenue Projection for FY2007-08 Budget Development, Agenda Item 9

Dear Commissioners:

Executive Summary

The TAM FY2006-07 Third-Quarter Financial Report covers all TAM revenue and expenditure activities for the period of July 1, 2006 to March 31, 2007. Five attachments are included in the report for your review:

- Attachment 1. FY2006-07 Mid-Year Revenue and Expenditure Report With Comparison to FY2006-07 Budget
- Attachment 2. Mid-Year Summary of FY 2007 Budget Amendments
- Attachment 3. FY2006-07 Mid-Year Revenue and Expenditure Report – Measure A Detail
- Attachment 4. FY2005-06 and FY2006-07 Measure A Monthly Disbursement Comparison
- Attachment 5. Marin County November Investment Summary Report

Overall, as we reported at the Mid-Year Financial Report, TAM's revenues are continuing to come in higher than anticipated, and expenditures are happening at a slower pace than projected. Staff is available to provide detail information if you have specific questions.

Staff would like to use the April Board Meeting to start the discussions on the development of TAM's FY2007-08 Annual Budget, particularly related to the sales tax revenue estimate for next year. Agencies in receipt of Measure A Transportation Sales Tax need to have revenue estimates from TAM so as to finalize their own budget picture. Staff will present the most up to date Measure A revenue estimate, and how excess revenue, if there is any, should be distributed.

Note the current revenue levels as well as the revenue estimate for FY 2007-08 were discussed at the April 11th Executive Committee meeting. The Exec Committee unanimously supported the estimate levels recommended for next year.

Recommendation: Staff seeks authorization to proceed with the recommended revenue estimate in establishing the budget, updating the Strategic Plan, and communicating available revenues to sponsors

FY2006-07 Third-Quarter Financial Report

Revenue Highlights

Sales tax disbursements for the first two quarters of FY2006-07 grew at an encouraging rate compared to the same period of FY2005-06. Third quarter started out strong with projections in January and February still reflecting trends set in the first two quarters. However, Compared to the March 2006 disbursement, March 2007 disbursement was short by \$627,826, or 25.8%. The March revenue disbursement from the Board of Equalization contains cleanup for the second quarter of FY2006-07, which covers sales tax transactions from October to December of 2006. Total disbursements for January to March of 2007, which covers actual Measure A revenues for October to December of 2006, are \$141,926, or 2.6% lower than the same period of 2006. It's disappointing to know that holiday sales for 2007 are lower than 2006. With all the other discouraging economic factors, such as the shaky housing market and ongoing inflation concern, staff revised the \$21.1 million Measure A revenue estimate provided with the Mid-Year Financial Report down to \$20.8 million.

Expenditure Highlights

While expenditures remained moderate in the third quarter, trending under the budgeted amounts, growth in several expenditure areas will occur in the fourth quarter. We have begun utilizing our consultant team for assistance in organizing the Marin-Sonoma Narrows and I-580/ Highway 101 efforts. Note project efforts around the Infrastructure Bond are wholly funded with non-Measure A funds. We will also be experiencing our first TAM office expenditures at the end of the fourth quarter.

Measure A Revenue Projection for FY2007-08

As presented in the Third-quarter Financial Report Section, staff revised the \$21.1 million Measure A revenue estimate for the current fiscal year provided with the Mid-Year Financial Report down to \$20.8 million based on the March disbursement received. This \$20.8 million revenue estimate reflects a 4.2% growth over actual revenue of FY2005-06. Due to the fact that economic declines remain on the horizon, staff proposes to maintain this final estimated revenue for FY2006-07 as the projected revenue amount for FY2007-08.

For the purpose of updating TAM's Strategic Plan, staff proposes to hold the Measure revenue flat at \$20.8 for the next three years, until FY2009-10, and grow the revenue at 2% annually thereafter. The 2% reflects recent trends in the Consumer Price Index for the Bay Area. The conservative approach will provide TAM with more cushion if the economy ends up going in the wrong direction again, as happened in the period of 2001 through 2004.

Even with the reduced FY2006-07 revenue estimate at \$20.8 million, TAM could still expect \$1 million excess revenue for the current year and the next three-year period, since the Strategic Plan was developed based on a flat \$19.8 million for the life of the sales tax. Excess revenue from FY2006-07 will be made available during the FY2007-08 allocation process. The Strategic Plan will be updated so the expected revenue increases will be made available for the much needed transportation projects/programs in Marin.

To provide a further backstop for this approach, TAM staff advises the Board to examine each actual allocation carefully to assure that the 4.2% growth does not create a non-sustainable commitment of sales tax. TAM staff will provide this analysis with each allocation. The Measure A reserve is meant to weather sudden decreases in sales tax; however, this cannot be relied upon over the long term.

Recommendation: Staff seeks authorization to proceed with the recommended revenue estimate in establishing the budget, updating the Strategic Plan, and communicating available revenues to sponsors.

Attachments:

1. FY2006-07 Mid-Year Revenue and Expenditure Report with Comparison to FY2006-07 Budget
2. Mid-Year Summary of FY 2007 Budget Amendments
3. FY2006-07 Mid-Year Revenue and Expenditure Report – Measure A Detail
4. FY2005-06 and FY2006-07 Measure A Monthly Disbursement Comparison
5. Marin County November Investment Summary Report

Attachment I: FY 2007 Third Quarter Revenue and Expenditure Report Compared to FY 2007 Budget

	FY 06-07 Budget	Actual	\$ Difference	Rev. Received /Exp. Spent	Comments for Major Differences
REVENUE					
Cities and Counties	430,000	434,257	4,257	101.0%	received payments from Town of Ross for both FY 2006 and FY 2007.
Interest Earned	-	131,116	131,116	N/A	Interests revenue should be higher. Errors discovered, County is in the process of redistributing interests revenue for the first two quarters.
STP/CMAQ/T-Plus (MTC)	390,000	197,500	(192,500)	50.6%	On a reimbursement base, received reimbursements for the first 6-month expenses
STIP/PPM	24,000	-	(24,000)	0.0%	Invoice sent to CalTrain, waiting for payment
STP One-Time	130,000	65,000	(65,000)	50.0%	On a reimbursement base, received reimbursements for the first 6-month expenses
BAAQMD	619,164	360,179	(258,985)	58.2%	About \$400K of the \$600K budgeted are from cancelled projects, TAM already has that portion of the funding in its TFCA account.
RM2	3,712,500	2,121,910	(1,590,590)	57.2%	On reimbursement base
Community Based Transportation	60,000	36,000	(24,000)	60.0%	On reimbursement base
TDA Article 3	77,050	53,034	(24,016)	68.8%	On reimbursement base
MSN Federal Earmark	253,886	-	(253,886)	0.0%	Have submitted the fund request to FHWA for about \$850K
Measure A Revenue	19,503,000	16,915,434	(2,587,566)	86.7%	Disbursements for the first nine months are higher than the same period of FY 2006.
Total Revenue Available	25,199,600	20,314,429	(4,885,171)	80.6%	
EXPENDITURES					
Administration					
Salaries & Benefits	1,278,462	738,875	(539,587)	57.8%	DPW has not fully invoiced TAM for the costs of the County Staff
Office Lease	186,500	2,294	(184,206)	1.2%	Haven't moved to the new office location yet. The actual cost is for furniture storage.
Furniture	79,500	2,659	(76,841)	3.3%	Will send this down once move into the new office location
Equipment	44,000	1,920	(42,080)	4.4%	Will send this down once move into the new office location
Telephone	14,300	1,311	(12,989)	9.2%	More expenses will occur once move into the new office location
Office Supplies	20,000	11,387	(8,613)	56.9%	
Insurance	5,000	4,515	(485)	90.3%	
Audit	19,000	19,001	1	100.0%	TAM FY2005-06 Fiscal Audit is finished
Legal	20,000		(20,000)	0.0%	County has not invoiced TAM for legal services provided
Accounting/Payroll	10,000	-	(10,000)	0.0%	County has not invoiced TAM for accounting services provided
Document Reproduction	10,000	84	(9,916)	0.8%	Will spend this down once start the reproduction of Annual Reports
Memberships	10,000	1,271	(8,729)	12.7%	
Travel/Meetings/Conferences	17,500	10,005	(7,495)	57.2%	
Subtotal	1,707,262	793,321	(913,940)	46.5%	

Attachment I: FY 2007 Third Quarter Revenue and Expenditure Report Compared to FY 2007 Budget

	FY 06-07 Budget	Actual	\$ Difference	Rev. Received /Exp. Spent	Comments for Major Differences
Professional Services					
Congestion Management Plan	120,000	-	(120,000)	0.0%	Consultant has conducted about \$45K worth of monitoring work, has not received invoices yet. Will most likely have a new contract for up to \$70K
T-PLUS	74,500	31,780	(42,720)	42.7%	
Program Management Oversight	402,633	123,926	(278,707)	30.8%	Slower expenditure rate than expected, reserved for the new Program Management Oversight contact
Community Based Transportation	54,000	22,925	(31,075)	42.5%	New contract in the amount of \$54K for FY 2007 and FY 2008
Bike Plan Updates	77,050	57,100	(19,950)	74.1%	
MSN Hot Lane Follow Up Study	150,000	-	(150,000)	0.0%	Will most likely have the consultant contact in February/March
State Legislative Assistance	35,000	9,028	(25,972)	25.8%	Contract didn't start until December 2006, more expenses expected for the second half of the year
Financial Advisor	35,000	5,175	(29,825)	14.8%	More expenses expected for the second half of the year while the project is moving forward
HR/IT/Board Support	55,000	30,200	(24,800)	54.9%	
Consulting Pool	24,853	2,838	(22,015)	11.4%	For unexpected consultant needs
Hwy 101/Greenbrae	1,600,000	510,123	(1,089,877)	31.9%	More expenses expected for the second half of the year while the project is moving forward
Subtotal	2,628,036	793,096	(1,834,940)	30.2%	
Measure A Programs					
Reserve	1,032,150	845,772	(186,378)	81.9%	5% of the Revenues coming in.
Project Management	765,000	352,070	(412,930)	46.0%	Slower expenditure rate than expected, reserved for the new program management oversight contact
Strategy 1 - Transit	8,945,389	4,011,799	(4,933,590)	44.8%	
Strategy 2 - Gap Closure	1,490,732	663,396	(827,336)	44.5%	
Strategy 3 - Streets & Roads	4,810,190	308,357	(4,501,833)	6.4%	Substrategy 3.1 are capital projects on reimbursement base and no reimbursement request has received so far. Substrategy 3.2, the formula funds to cities and towns are expected to distribute to the localities the second half of the year.
Strategy 4 - Safe Routes	1,295,000	439,722	(855,278)	34.0%	Programs didn't start at the beginning of the year, more expenses are expected for the second half of the year.
Subtotal	18,338,461	6,621,116	(11,717,345)	36.1%	
Interagency Agreements					
TFCA	601,252	235,122	(366,130)	39.1%	On reimbursement base
Larkspur RM2	810,000	700,350	(109,650)	86.5%	On reimbursement base
County RM2	1,050,000	573,306	(476,694)	54.6%	On reimbursement base
Subtotal	2,461,252	1,508,778	(952,474)	61.3%	
Total Expenditures	25,135,011	9,716,311	(15,418,700)	38.7%	

Attachment 2: Third Quarter Summary of FY 2007 Budget Amendments

	Original FY 06-07	Amended FY 06-07	Amended Amount	Action Taken	Amendment Date
REVENUE					
Prior Year Carry Forward ¹	6,645,296	6,645,296	-		
Cities and Counties	430,000	430,000	-		
Interest Earned	-	-	-		
STP/CMAQ/T-Plus (MTC)	390,000	390,000	-		
STIP/PPM	24,000	24,000	-		
STP One-Time	130,000	130,000	-		
BAAQMD	619,164	619,164	-		
RM2	250,000	3,712,500	3,462,500	Board Approval	9/28/2006
Community Based Transportation	60,000	60,000	-		
TDA Article 3	77,050	77,050	-		
MSN Federal Earmark	253,886	253,886	-		
Measure A	19,503,000	19,503,000	-		
<u>Total Revenue Available</u>	<u>28,382,396</u>	<u>31,844,896</u>	<u>3,462,500</u>		
EXPENDITURES					
Administration					
Salaries & Benefits	1,278,462	1,278,462			
Office Lease	210,500	186,500	(24,000)	Board Approval	9/28/2006
Furniture	79,500	79,500			
Equipment	20,000	44,000	24,000	Board Approval	9/28/2006
Telephone	14,300	14,300			
Office Supplies	20,000	20,000			
Insurance	5,000	5,000			
Audit	12,000	19,000	7,000	ED Authority	2/1/2007
Legal	20,000	13,000	(7,000)	ED Authority	2/1/2007
Accounting/Payroll	10,000	10,000			
Document Reproduction	10,000	10,000			
Memberships	10,000	10,000			
Travel/Meetings/Conferences	15,000	17,500	2,500	Board Approval	9/28/2006
<u>Subtotal, Administration</u>	<u>1,704,762</u>	<u>1,707,262</u>	<u>2,500</u>		

Attachment 2: Third Quarter Summary of FY 2007 Budget Amendments

	Original FY 06-07	Amended FY 06-07	Amended Amount	Action Taken	Amendment Date
Professional Services					
CMP	120,000	120,000			
T-PLUS	74,500	74,500			
PMO Consultant	402,633	402,633			
Community Based Transportation	54,000	54,000			
Bike Planning	77,050	77,050			
MSN Hot Lane Follow Up Study	150,000	150,000			
State Legislative Assistance	35,000	35,000			
Financial Advisor	35,000	35,000			
HR/IT/Board Support	55,000	55,000			
Consulting Pool	24,853	24,853			
Hwy 101/Greenbrae	-	1,600,000	1,600,000	Board Approval	9/28/2006
Subtotal, Professional Services	1,028,036	2,628,036	1,600,000		
Measure A Programs					
Reserve	1,032,150	1,032,150			
Project Management	765,000	765,000			
Strategy 1 - Transit	8,945,389	8,945,389			
Strategy 2 - Gap Closure	1,490,732	1,490,732			
Strategy 3 - Streets & Rds	4,810,190	4,810,190			
Strategy 4 - Safe Routes	1,295,000	1,295,000			
Subtotal, Measure A Programs	18,338,461	18,338,461			
Interagency Agreements					
TFCA	601,252	601,252			
Larkspur RM2	-	810,000	810,000	Board Approval	9/28/2006
County RM2	-	1,050,000	1,050,000	Board Approval	9/29/2006
Subtotal, Interagency Agreements	601,252	2,461,252	1,860,000		
Total Expenditures	<u>21,672,511</u>	<u>25,135,011</u>	<u>3,462,500</u>		

Attachment 3: FY 2007 Third Quarter Revenue and Expenditure Report – Measure A Detail

Budget Line	5% Reserve	1% Admin	4% Program	S - 1.1 Local Bus	S - 1.2 Rural Bus	S - 1.3 Para.	S - 1.4 Cap. Imp.	S - 2 Gap Closure	S - 3.1 Major Roads	S - 3.2 Local Roads	S - 4.1 SR2S	S- 4.2 C. Guards	S - 4.3 Pathways	Total
REVENUE														
Revenue (July-March)	845,772	169,154	676,617	5,384,556	436,586	1,309,757	873,171	1,762,500	1,928,253	1,928,253	480,244	611,220	509,350	16,915,434
EXPENSES														
Audit			19,001											19,001
Consulting Pool		1,950	889											2,838
Furniture			2,659											2,659
HR/IT/Board Support		2,494	3,150											5,644
Insurance		4,515												4,515
Membership		881	390											1,271
Office Lease			2,294											2,294
Office Supplies		4,192	3,899											8,091
Phone		362	796											1,158
Program Management Oversight			220,943											220,943
Project Management			116,685	5,492	2,242	2,242	2,242	131,137	29,046	9,424	10,534	37,086	8,639	354,770
Salaries & Benefits		134,065	56,936											191,001
Travel/Meetings/ Conferences		906	3,409											4,315
Strategy 1.1				2,657,438										2,657,438
Strategy 1.2					296,101									296,101
Strategy 1.3						668,871								668,871
Strategy 1.4							389,390							389,390
Strategy 2								663,396						663,396
Strategy 3.2										308,357				308,357
Strategy 4.1											151,392			151,392
Strategy 4.2												246,867		246,867
Strategy 4.3													41,462	41,462
		149,363	431,051	2,662,929	298,343	671,113	391,632	794,533	29,046	317,781	161,926	283,953	50,102	6,241,774
BALANCE	845,772	19,791	245,567	2,721,627	138,242	638,644	481,539	967,967	1,899,207	1,610,473	318,318	327,266	459,248	10,673,660

Attachment 4: FY 2006 and FY 2007 Measure A Monthly Disbursement Comparison

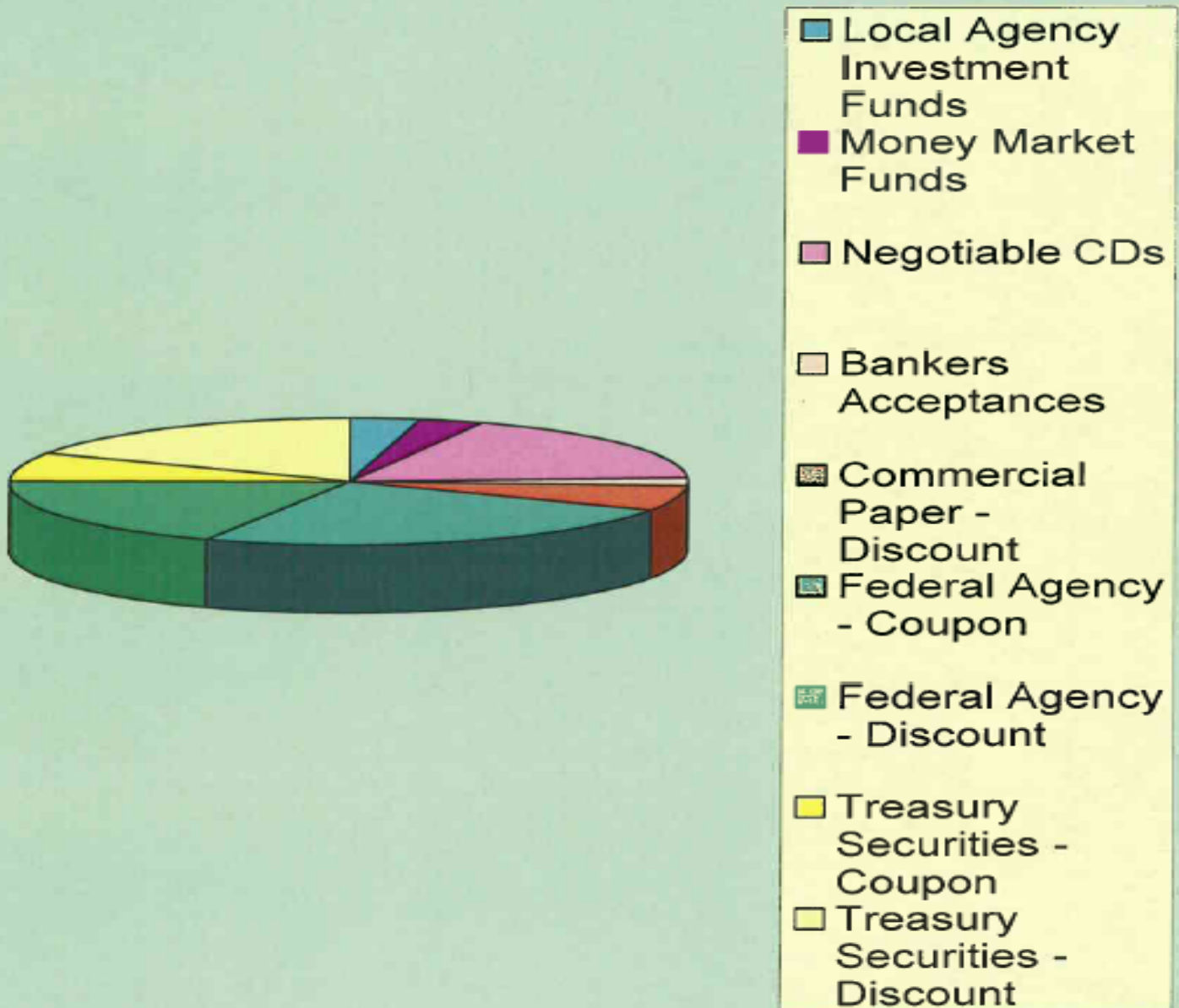
		FY 2006	FY 2007	\$ Difference	% Difference
Actual	July	1,136,800	1,179,300	42,500	3.74%
	August	1,515,700	1,572,400	56,700	3.74%
	September	1,601,498	2,827,595	1,226,098	76.56%
	October	1,187,000	1,192,900	5,900	0.50%
	November	1,582,700	2,623,900	1,041,200	65.79%
	December	2,797,573	2,126,183	(671,389)	-24.00%
	First 6-month Actual	9,821,270	11,522,279	1,701,009	17.32%
FY 2006 Actual & FY 2007 Estimates	January	1,330,500	1,541,500	211,000	15.86%
	February	1,774,000	2,048,900	274,900	15.50%
	March	2,430,581	1,802,755	(627,826)	-25.83%
	April	1,303,900	1,108,315	(195,585)	-15.00%
	May	1,738,500	1,477,725	(260,775)	-15.00%
	June	1,564,762	1,330,048	(234,714)	-15.00%
	FY 2006 Actual Disbursement	19,963,513		868,008	4.35%
	FY 2007 Revised Estimates		20,831,521		
Budgeted FY 2007 Measure Revenue			19,503,000		
Difference Between FY 2007 Budgeted Revenue & Revised Estimate				1,328,521	6.81%
Difference Between FY 2007 Revised Estimate & FY 2006 Actual Revenue				868,008	4.45%

Assuming disbursements for the remaining 3 months will be 15% less than the same month of FY 2006.

Attachment 5: Marin County Treasurer Portfolio Yield Report

Michael J. Smith, Marin County Treasurer
Portfolio Yield Report - Operating Funds
County of Marin, Schools & Special Districts
February 28, 2007

INVESTMENT HOLDINGS	BOOK VALUE	Portfolio Yields as 02/28/07
Local Agency Investment Funds	\$25,300,626.92	5.181%
Money Market Funds	\$22,622,054.23	5.170%
Negotiable CDs	\$135,600,000.00	5.335%
Bankers Acceptances	\$14,008,374.16	5.315%
Commercial Paper - Discount	\$49,574,566.80	5.327%
Federal Agency - Coupon	\$185,095,593.75	4.634%
Federal Agency - Discount	\$138,372,305.58	5.267%
Treasury Securities - Coupon	\$54,438,281.27	4.313%
Treasury Securities - Discount	\$132,603,268.03	5.068%
TOTAL	\$757,615,070.74	5.020%



* Detail monthly reports can be provided upon request.